GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTR
LOK SABHA

UNSTARRED QUESTION NO:1559
ANSWERED ON:01.08.2001
KHADI AND VILLAGE INDUSTRIES COMMISSION
VILAS BABURAO MUTTEMWAR

Will the Minister of SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTR be pleased to state:

(a) whether Khadi and Village Industries Commission propose to diversify by taking up the items other than khadi products;

(b) whether a Committee set up under the Chairmanship of the Deputy Chairman, Planning Commission to go into the working of the KVIC has recommended for opening up of new avenues to achieve better business opportunities for improving its financial health;

(c) if so, the details thereof; and

(d) the decision taken in the matter particularly with regard to the financial health of KVIC?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF SMALL SCALE INDUSTRIES AND RURAL INDUSTRIES, MINISTER OF STATE IN THE DEPARTMENT OF PERSONNEL AND TRAINING, DEPARTMENT OF PEN AND PENSIONERS WELFARE OF THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND M OF STATE IN THE DEPARTMENTS OF ATOMIC ENERGY AND SPACE (SHRIMATI VASUNDHARA RAJE)

(a): The Khadi and Village Industries Commission (KVIC) is already promoting various items other than khadi products under the village industries programme.

(b) & (c): A High Power Committee was constituted under the Chairmanship of Shri K.C. Pant, Dy. Chairman, Planning Commission to suggest suitable measures for strengthening the Khadi and Village Industries (KVI) sector. Based on the recommendations made by the Committee, a package for KVI sector was announced by the Government on 14.05.2001. The salient features of the package consist of Rebate Policy for five years, options of Rebate and Market Development Assistance (MDA), Insurance cover to Khadi artisans, emphasis on improvement of Khadi products, creation of packaging and design facilities, measures to promote marketing, brand building, cluster development, focus on core areas and provision of additional working capital.

(d): The package envisages measures to improve the financial health of the KVIC. Term loan of Rs. 300 crore given to Khadi institutions under the Consortium Bank Credit Scheme will be allowed to be converted into working capital. An additional amount of Rs. 250 crore is proposed to be provided to those institutions willing to switch over from Rebate Scheme to MDA.